

HARRY P. "HAP" WEITZEL  
(WEITZELH@PEPPERLAW.COM)  
JEFFREY M. GOLDMAN  
(GOLDMANJ@PEPPERLAW.COM)  
PEPPER HAMILTON LLP  
4 PARK PLAZA, SUITE 1200  
IRVINE, CALIFORNIA 92614  
TELEPHONE: (949) 567-3500  
FACSIMILE: (949) 863-0151

ATTORNEYS FOR DEFENDANT NEXTGEN  
HEALTHCARE SYSTEMS, INC.

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

MEDSQUIRE, LLC

Plaintiff,

vs.

QUEST DIAGNOSTICS, INC.;  
NEXTGEN HEALTHCARE  
INFORMATION SYSTEMS, INC.;  
HENRY SCHEIN MEDICAL SYSTEMS,  
INC.; HEWLETT-PACKARD  
COMPANY; APRIMA MEDICAL  
SOFTWARE, INC.;  
eCLINICALWORKS, LLC; MED3000,  
INC.; PULSE SYSTEMS, INC.;  
COMPULINK BUSINESS SYSTEMS,  
INC.; NAVINET, INC.; athenaHEALTH,  
INC.

Defendants.

) Case No. CV11-4504-JHN (PLAx)  
)  
)

) **DEFENDANTS' JOINT MOTION**  
) **TO DISMISS ALL BUT ONE**  
) **DEFENDANT FOR MISJOINDER**  
) **UNDER FEDERAL RULE OF CIVIL**  
) **PROCEDURE 20**

eCLINICALWORKS, LLC;

Counterclaimant,

vs.

MEDSQUIRE, LLC;

Counterdefendant.

TABLE OF CONTENTS

TABLE OF AUTHORITIES..... III

I. BACKGROUND..... 1

II. PLAINTIFF’S ATTEMPT TO JOIN THE DEFENDANTS IN  
THIS ACTION VIOLATES FEDERAL RULE OF CIVIL  
PROCEDURE 20. .... 2

A. Governing Law..... 2

B. Plaintiff’s Misguided Attempt to Group Defendants Is  
Insufficient to Support Joinder..... 3

III. ALLOWING PLAINTIFF TO JOIN THE ACCUSED  
DEFENDANTS IN ONE ACTION WOULD UNFAIRLY  
PREJUDICE THE DEFENDANTS..... 7

IV. THE AMERICA INVENTS ACT SPECIFICALLY PROHIBITS  
THE JOINDER OF THE SEVERAL DEFENDANTS IN ONE  
ACTION. .... 9

V. DISMISSAL OF ALL BUT ONE DEFENDANT IS THE  
PROPER REMEDY. .... 10

VI. CONCLUSION ..... 10

## TABLE OF AUTHORITIES

### Cases

<u>Androphy v. Smith &amp; Nephew, Inc.,</u> 31 F. Supp.2d 620 (N.D. Ill. 1998) .....	5
<u>Coughlin v. Rogers,</u> 130 F.3d 1348 (9th Cir. 1997).....	3, 10
<u>DirecTV v. Loussaert,</u> 218 F.R.D. 639 (S.D. Iowa 2003) .....	3
<u>EIT Holdings LLP v. Yelp!, Inc.,</u> 2011 U.S. Dist. LEXIS 64034 *4-5 (N.D. Cal. May 12, 2011) .....	5
<u>Golden Scorpio Corp. v. Steel Horse Bar &amp; Grill,</u> 596 F. Supp. 2d 1282 (D. Ariz. 2009).....	5
<u>Insituform Tech., Inc. v. CAT Contracting, Inc.,</u> 385 F.3d 1360 (Fed. Cir. 2004).....	3
<u>IO Group, Inc. v. Does 1-435,</u> 2011 U.S. Dist. LEXIS 14123 (N.D. Cal. Feb. 3, 2011).....	5
<u>Joao Control &amp; Monitoring Sys. of Cal. v. Acti Corp. Inc.,</u> CV 10-01909-DOC (C.D. Cal. Apr. 13, 2011).....	5
<u>Morton Grove Pharmaceuticals, Inc. v. National Pediculosis Ass'n, Inc.,</u> 525 F. Supp. 2d 1049 (N.D. Ill. 2007).....	3
<u>Multi-Tech Sys. v. Net2Phone, Inc.,</u> 2000 U.S. Dist. LEXIS 22683 (D. Minn. 2000) .....	5
<u>Nazomi Comm. Inc. v. Samsung Telecomm. Am., LLC,</u> CV 10-05545-WHA (N.D. Cal. Sept. 28, 2011).....	4
<u>New Jersey Mach. Inc. v. Alford Ind. Inc.,</u> 1991 U.S. Dist. LEXIS 20376 *4, 5(D.N.J. 1991) .....	5
<u>Olympic Development AG, LLC v. Microsoft Corp.,</u> CV 10-8874-GWA, Doc. 60 (C.D. Cal. Feb. 3, 2011) .....	5
<u>Optimum Power Sol'ns. LLC v. Apple, Inc.,</u>	

1	CV 11-1509-SI (N.D. Cal. Sept. 20, 2011) .....	4
2	<u>Paine, Webber, Jackson &amp; Curtis, Inc. v. Merrill Lynch, Pierce, Fenner &amp; Smith, Inc.,</u>	
3	564 F. Supp. 1358 (D. Del. 1983) .....	6
4	<u>Pergo, Inv. v. Alloc, Inc.,</u>	
5	262 F. Supp. 2d 122 (S.D.N.Y. 2003) .....	6
6	<u>Philips Elecs. N. Am. Corp. v. Contec Corp.,</u>	
7	220 F.R.D. 415 (D. Del. 2004) .....	6, 8
8	<u>Piao Shang Ind. Co. Ltd., v. Acco Brands Corp.,</u>	
9	CV 11-2639-PA (C.D. Cal. July 19, 2011) .....	5
10	<u>Siemens Aktiengesellschaft v. Sonotone Corp.,</u>	
11	370 F. Supp. 970 (N.D. Ill. 1973) .....	6
12	<u>Sorensen v. DMS Holdings,</u>	
13	2010 U.S. Dist. LEXIS 124516 *1-2, 3 (S.D. Cal. Nov. 24, 2010) .....	5
14	<u>Spread Spectrum Screening, LLC v. Eastman Kodak Co.,</u>	
15	2010 U.S. Dist. LEXIS 90549 *6 (N.D. Ill. Sept. 1, 2010) .....	5
16	<u>WiAV Networks, LLC v. 3Com Corp.,</u>	
17	No. C 10-03448 WHA, 2010 U.S. Dist. LEXIS 110957, *19 (N.D. Cal. Oct. 1,	
18	2010) .....	3, 4, 7, 8
19	<b>Statutes</b>	
20	35 U.S.C. § 299 .....	6, 14, 15
21	35 U.S.C. § 299(b) .....	14
22	35 U.S.C. § 299(e) .....	14
23	Fed. R. Civ. P. 12(b)(6) .....	7
24	Fed. R. Civ. P. 20(a)(2) .....	passim
25	Fed. R. Civ. P. 21 .....	6, 8
26	Federal Rule of Civil Procedure 20 .....	7, 8, 14, 15
27	<b>Treatises</b>	
28	8 Chisum on Patents § 21.03[6][a], at 21-579 – 580 .....	11

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Defendants Quest Diagnostics, Inc.; Nextgen Healthcare Information Systems, Inc.; Henry Schein Medical Systems, Inc.; Hewlett-Packard Company; Aprima Medical Software, Inc.; eClinicalWorks, LLC; MED3000, Inc.; Compulink Business Systems, Inc.; Navinet, Inc.; and athenahealth, Inc. (collectively, “Defendants”) respectfully move the Court to dismiss Plaintiff Medsquire, LLC’s claims against all but one Defendant. Defendants are separate companies, which make and sell separate, competing products. Plaintiff has not, and indeed could not, allege claims against the several Defendants that arise from the same “transaction, occurrence, or series of transactions or occurrences,” as required by Fed. R. Civ. P. 20(a)(2). Further, Plaintiff’s attempt to join the several Defendants in this action violates the explicit provisions of the recently enacted America Invents Act, 35 U.S.C. § 299, which makes the Federal Rules’ joinder provisions explicit in patent actions. Although the misjoinder provisions are not retroactive, they show the sense of Congress against joining multiple, independent defendants in a single suit. Defendants cannot, therefore, be joined in a single case. The proper remedy is dismissal of Plaintiff’s claims as to all but one defendant, under Fed. R. Civ. P. 21. (Defendants moving hereby are not all of the named defendants in this case.)

## **I. BACKGROUND**

Plaintiff initially filed this action in May, 2011, asserting that 14 separate, unrelated parties infringed one patent: US Patent 5,682,526, entitled Method and System for Flexibly Organizing, Recording, and Displaying Medical Patient Care Information using Fields in a Flowsheet (the “’526 Patent”). Plaintiff alleges that the ‘526 Patent is “directed to methods for flexibly organizing, recording, and displaying medical patient care information. The invention discloses a software system that enables users to customize a patient information hierarchy.” Amended Complaint para. 21, DI 80. Plaintiff alleged that all Defendants “infringe the ’526 Patent by making, using, offering to sell and selling electronic health record (“EHR”) software, systems, and services in the United States.” Plaintiff’s Statement of the Claims,

1 Amended Joint Rule 26 Report, DI 60.

2 None of the Defendants is related to any other in any organizational sense.  
3 None of the Defendants' accused systems is related to that of any other Defendant,  
4 and Plaintiff does not so allege. Nor does Plaintiff allege that any of the accused  
5 "making, using, or selling," or any other conduct forming the basis of any other claim  
6 against any Defendant, is part of any concerted activity, transaction, or occurrence  
7 between or among any Defendants.

8 Because Plaintiff's complaint failed to meet the pleading requirements of Fed.  
9 R. Civ. P. 12(b)(6), Defendants moved to dismiss the complaint in July. See DI 41,  
10 43. At the end of August, the Court granted Defendants' motion to dismiss but gave  
11 Plaintiff the opportunity to file an amended complaint. See DI 79. Plaintiff filed its  
12 amended complaint in September, again alleging infringement against the same  
13 group of independent Defendants based upon unrelated conduct. See DI 80.  
14 Following a conference among counsel for the parties, Plaintiff agreed to dismiss  
15 without prejudice its claims of indirect infringement against Defendants, and the  
16 Court entered an order granting that stipulation on October 12. See Doc. 103.  
17 Defense counsel also asked Plaintiff to sever the Defendants into separate actions  
18 based on their misjoinder during the parties' conference, but Plaintiff refused,  
19 necessitating this motion.

20 **II. PLAINTIFF'S ATTEMPT TO JOIN THE DEFENDANTS IN THIS**  
21 **ACTION VIOLATES FEDERAL RULE OF CIVIL PROCEDURE 20.**

22 **A. Governing Law.**

23 Federal Rule of Civil Procedure 20 provides that joinder of multiple defendants  
24 is permitted when "any right to relief is asserted against them jointly, severally, or in  
25 the alternative with respect to or arising out of the same transaction, occurrence, or  
26 series of transactions or occurrences; and [] any question of law or fact common to all  
27 defendants will arise in the action." Fed. R. Civ. P. 20(a)(2). The Federal Circuit has  
28 held that the law of the regional circuit applies to the issue of joinder in a patent case.

1 See Insituform Tech., Inc. v. CAT Contracting, Inc., 385 F.3d 1360, 1372 (Fed. Cir.  
2 2004). The Ninth Circuit has recognized that Fed. R. Civ. P. 20 creates a two-pronged  
3 test to be applied to questions of joinder: whether there exists a “question of law or  
4 fact common to all defendants” and whether the claims against the defendants involve  
5 “the same transaction, occurrence, or series of transactions or occurrences.” See  
6 Coughlin v. Rogers, 130 F.3d 1348, 1350 (9th Cir. 1997). Both requirements under  
7 Rule 20(a)(2) must be met; failure to meet either one will dictate dismissal or  
8 severance. Id.

9       The Court need not reach the “common question” test in this case because  
10 Plaintiff’s complaint plainly does not satisfy the “same transaction” test. The “same  
11 transaction” requirement refers to similarity in the factual background of a claim. See  
12 Id. A “common allegation . . . does not suffice to create a common transaction or  
13 occurrence.” Id. Numerous district courts have applied this rule, holding that the mere  
14 manufacture, sale, or operation by separate parties of similar products accused of  
15 infringing identical patents is alone insufficient to join unrelated parties as defendants  
16 in the same lawsuit. See, e.g., WiAV Networks, LLC v. 3Com Corp., No. C 10-03448  
17 WHA, 2010 U.S. Dist. LEXIS 110957, \*19 (N.D. Cal. Oct. 1, 2010); Morton Grove  
18 Pharmaceuticals, Inc. v. National Pediculosis Ass’n, Inc., 525 F. Supp. 2d 1049, 1051  
19 (N.D. Ill. 2007); DirecTV v. Loussaert, 218 F.R.D. 639, 642-43 (S.D. Iowa 2003).  
20 Ninth Circuit precedent instructs that in cases of misjoinder, a district court may either  
21 dismiss or sever the claims against the misjoined parties. See Fed. R. Civ. P. 21;  
22 Coughlin, 130 F.3d at 1350.

23       **B. Plaintiff’s Misguided Attempt to Group Defendants Is Insufficient to**  
24       **Support Joinder.**

25       Plaintiff evidently attempts to circumvent the requirements of Federal Rule  
26 20(a)(2) by alleging that the accused systems of all Defendants are certified to comply  
27 with federal guidelines regarding electronic health records software (“ONC  
28 Certification”), and that any system that is so certified necessarily infringes its



1 asserted claims:

2 In July 2010, the Office of the National Coordinator (ONC) of  
3 the U.S. Department of Health and Human Services (HHS)  
4 issued a Final Rule to qualify EHR technology for the  
5 American Recovery and Reinvestment Act (ARRA). Rules  
6 governing ONC certification are published at 45 C.F.R. Part  
7 170. Vendors who wish to claim ONC certification must be  
8 have their software tested to demonstrate conformity to all  
9 certification criteria adopted at 45 CFR Part 170, Subpart C.  
10 Each Defendant's EHR software has been tested and certified  
11 as ONC compliant. Medsquire contends that an EHR vendor  
must necessarily practice the claims in the '526 Patent to  
comply with the ONC certification requirements. For this  
reason, among others, Medsquire believes that each Defendant  
infringes one or more claims of the '526 Patent.

12 Plaintiff's Statement of the Case, Amended Joint Statement DI 60. See also, Amended  
13 Complaint, paras. 30-32, DI 80 ("In other words, EHR software and systems cannot  
14 receive ONC-ATCB certification under the published rules without also infringing  
15 one or more claims of the '526 patent.").

16 Such attenuated "grouping" of parties based on the fact that they have  
17 independently chosen to make similar business decisions, does not satisfy the  
18 requirements for joinder of parties under the Rule 20(a)(2) "transaction or  
19 occurrence" prong. See, e.g., WiAV Networks, LLC v. 3Com Corp., 2010 U.S. Dist.  
20 LEXIS 110957 \*17 (N.D. Cal. Oct. 1, 2010). That standard looks to commonality of  
21 accused conduct or activity. The weight of Ninth Circuit district court decisions is in  
22 clear support of this rule. See, e.g., Nazomi Comm. Inc. v. Samsung Telecomm. Am.,  
23 LLC, CV 10-05545-WHA (N.D. Cal. Sept. 28, 2011) (finding no "common  
24 transaction or occurrence" where the defendants were not alleged to have acted in  
25 concert); Optimum Power Sol'ns. LLC v. Apple, Inc., CV 11-1509-SI (N.D. Cal.  
26 Sept. 20, 2011) (finding that while the defendants were alleged to infringe the patent-  
27 in-suit in similar ways, that did not constitute a "transaction or occurrence"); Piao  
28

1 Shang Ind. Co. Ltd., v. Acco Brands Corp, CV 11-2639-PA (C.D. Cal. July 19, 2011)  
2 (finding that where there was no connection between three of the parties where they  
3 merely manufactured similar products); EIT Holdings LLP v. Yelp!, Inc., 2011 U.S.  
4 Dist. LEXIS 64034 \*4-5 (N.D. Cal. May 12, 2011); Joao Control & Monitoring Sys.  
5 of Cal. v. Acti Corp. Inc., CV 10-01909-DOC (C.D. Cal. Apr. 13, 2011) (finding no  
6 “common transaction” where the defendants did not act in concert); Olympic  
7 Development AG, LLC v. Microsoft Corp., CV 10-8874-GWA, Doc. 60 (C.D. Cal.  
8 Feb. 3, 2011) (finding that the “common transaction” test was not met when  
9 Defendants separately infringed the same product); IO Group, Inc. v. Does 1-435,  
10 2011 U.S. Dist. LEXIS 14123 (N.D. Cal. Feb. 3, 2011); Sorensen v. DMS Holdings,  
11 2010 U.S. Dist. LEXIS 124516 \*1-2, 3 (S.D. Cal. Nov. 24, 2010) (“[A]lleging a  
12 common manufacturer and infringement of the same patent is not enough to support  
13 joinder where defendants are unrelated companies, selling different products.”);  
14 Golden Scorpio Corp. v. Steel Horse Bar & Grill, 596 F. Supp. 2d 1282, 1285 (D.  
15 Ariz. 2009) (“[A]llegations against multiple and unrelated defendants for acts of  
16 patent, trademark, and copyright infringement do not support joinder under Rule  
17 20(a).” ).

18 Many other district courts have reached the same conclusion. See, e.g., Spread  
19 Spectrum Screening, LLC v. Eastman Kodak Co., 2010 U.S. Dist. LEXIS 90549 \*6  
20 (N.D. Ill. Sept. 1, 2010) (“joinder is often improper where two competing businesses  
21 have allegedly infringed the same patent by selling different products”); Androphy v.  
22 Smith & Nephew, Inc., 31 F. Supp.2d 620 (N.D. Ill. 1998) (joining manufacturers of  
23 separate companies who independently made separate products accused of infringing  
24 the same patent was improper); New Jersey Mach. Inc. v. Alford Ind. Inc., 1991 U.S.  
25 Dist. LEXIS 20376 \*4, 5 (D.N.J. 1991) (“[i]nfringement of the same patent by  
26 different machines and parties does not constitute the same transaction or occurrence  
27 to justify joinder of the new defendants.”); Multi-Tech Sys. v. Net2Phone, Inc., 2000  
28 U.S. Dist. LEXIS 22683 (D. Minn. 2000) (“In the patent infringement context, courts

1 sever defendants that are ‘separate companies that independently design, manufacture  
2 and sell different products in competition with each other.’”); Philips Elecs. N. Am.  
3 Corp. v. Contec Corp., 220 F.R.D. 415, 416 (D. Del. 2004) (“Allegations of  
4 infringement against two unrelated parties based on different acts do not arise from  
5 the same transaction.”); Paine, Webber, Jackson & Curtis, Inc. v. Merrill Lynch,  
6 Pierce, Fenner & Smith, Inc., 564 F. Supp. 1358, 1370-71 (D. Del. 1983)  
7 (“Allegations of infringement against two unrelated parties based on different acts do  
8 not arise from the same transaction.”); Pergo, Inv. v. Alloc, Inc., 262 F. Supp. 2d 122,  
9 128 (S.D.N.Y. 2003) (“[T]he fact that two parties may manufacture or sell similar  
10 products, and that these sales or production may have infringed the identical patent  
11 owned by the plaintiffs is not sufficient to join unrelated parties as defendants in the  
12 same lawsuit pursuant to Rule 20(a)”); Siemens Aktiengesellschaft v. Sonotone Corp.,  
13 370 F. Supp. 970, 974 (N.D. Ill. 1973) (“[C]laims of infringement against unrelated  
14 defendants involving different acts should be tried against each defendant  
15 separately.”); see also 8 Chisum on Patents § 21.03[6][a], at 21-579 – 580 (stating that  
16 the “same transaction” test “will not be met when . . . the only basis for joinder is that  
17 [the alleged infringers] are engaged in similar acts of infringement.”).

18       The principle upon which all of these cases agree is that multiple defendants  
19 who make and sell separate products are engaged in separate transactions and  
20 occurrences and therefore cannot, without more, be joined in the same action under  
21 Federal Rule 20(a)(2). Although Defendants, as active participants in the field of  
22 electronic health records, have independently taken steps to have their products  
23 certified as compliant with federal guidelines, Plaintiff nonetheless does not and  
24 cannot allege any common transaction or occurrence. The “connection” asserted by  
25 Plaintiff would represent a complete evisceration of the requirements of the Federal  
26 Rules’ joinder requirements, conceivably allowing parties to be joined merely if their  
27 products were certified by any number of the dozens of state, federal, and private  
28 rating and certifying bodies active in various industry spaces.

1 The Northern District WiAV Networks case is instructive in this regard. WiAV  
2 Networks, 2010 U.S. Dist. LEXIS 110957. In that case, the court considered and  
3 rejected an argument closely related to the one apparently previewed in this case by  
4 Medsquire. Plaintiff WiAV accused 68 defendants of infringing two patents. Id. at  
5 \*13. As in the present case, the named defendants in WiAV were generally unrelated  
6 market participants. Id. Also, like the present case, WiAV did not allege that the  
7 defendants had acted in concert to infringe the asserted patents, and in fact, as here,  
8 many of the defendants were competitors. Id. WiAV argued that certain defendants  
9 should be grouped in a single action because the claims against them were “logically  
10 connected,” and therefore such grouping would serve the interests of judicial  
11 efficiency. Id.

12 The court held that the manufacture and sale of competing products by  
13 competitors does not create a common transaction or occurrence, simply because a  
14 plaintiff alleges that such products are similar and infringe the same patent in similar  
15 ways. Id. at \*19-20. Notably, the WiAV court decided that even in cases where the  
16 defendants’ alleged infringement purportedly arises from a common industry  
17 standard, proof of infringement must be made on an individualized basis. Id. at \*16.  
18 As the decision in WiAV illustrates, an allegation that accused products or parties are  
19 somehow “logically connected” does not necessarily mean that claims arise out of the  
20 same transaction or occurrence, as required by Federal Rule 20(a)(2). In the same  
21 way, in the present case, the fact that each named Defendant may be certified under  
22 the same federal guidelines is insufficient to support joinder.

23 **III. ALLOWING PLAINTIFF TO JOIN THE ACCUSED DEFENDANTS IN**  
24 **ONE ACTION WOULD UNFAIRLY PREJUDICE THE DEFENDANTS.**

25 In order to prove infringement, Medsquire must prove facts specific to each  
26 defendant, and each accused system, meeting all the elements of the asserted claim. In  
27 the present case, each Defendants’ accused product is different from the others. As a  
28 result, if this case were to proceed as captioned, Plaintiff’s case against each

1 Defendant will require a dedicated set of infringement contentions, each directed to a  
2 separate system operating in a different way. Additionally, any damages and  
3 willfulness cases will necessarily vary considerably. Indeed, all aspects of Plaintiff's  
4 case will need to be individualized, as each accused system is used by different users,  
5 purchased by different customers, for different prices, at different times, etc.  
6 Similarly, each Defendant's non-infringement case would be substantially different,  
7 the parallel presentation of which may be considerably complicated due to the  
8 likelihood that the several Defendants, competitors in industry, may have different  
9 defense strategies motivated by differing business and litigation concerns.

10 This scenario would make a manageable and fair trial as to any one Defendant  
11 difficult at best, and, at worst, would introduce a significant danger of prejudicial  
12 confusion by the fact-finder. See Philips, 220 F.R.D. at 418 (trying the parties  
13 together would cause a substantial risk of prejudice to one party were the jury to  
14 believe that the parties were linked.). Instead, each Defendant's right to fairly present  
15 its own defense should be guarded. Each defendant is entitled to present its own  
16 defense to the claim that its products infringe a patent. WiAV at \*16. ("[T]he accused  
17 defendants – who will surely have competing interests and strategies – are also  
18 entitled to present their own individualized assaults on questions of non-infringement,  
19 invalidity, and claim construction.") This right would be forfeited if they are all  
20 "thrown into a mass pit with others to suit plaintiff's convenience." Id. Underlying the  
21 decision in WiAV Networks was the right of the defendants to present "individualized  
22 assaults on question of non-infringement, invalidity and claim construction" and the  
23 fact that infringement issues, damages issues, willfulness issues, time frames, accused  
24 conduct, and discovery issues would likely vary from company to company. Id. at  
25 \*16. In the present case, dismissing Plaintiff's claims against all moving Defendants  
26 will further the interests of justice by avoiding the prejudice and confusion that may  
27 result from litigating claims against unrelated defendants in the same action.  
28

**IV. THE AMERICA INVENTS ACT SPECIFICALLY PROHIBITS THE JOINDER OF THE SEVERAL DEFENDANTS IN ONE ACTION.**

On September 16, President Obama signed the America Invents Act into law, which legislation includes a provision explicitly prohibiting Plaintiff from joining all the named Defendants in one action. The new 35 U.S.C. § 299 makes the permissive joinder provisions of Rule 20 explicit with respect to patent cases:

[P]arties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, or counterclaim defendants only if (1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and (2) questions of fact common to all defendants or counterclaim defendants will arise in the action.

35 U.S.C. § 299(a). Additionally, the new statutory provision underscores the existing Rule 20 rule in providing an explicit proscriptive statement:

For purposes of this subsection, accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit.

35 U.S.C. § 299(b). Thus, the clear congressional intent is that patent defendants not be joined merely based on an allegation of infringement of the same patent.

This new code provision became effective on September 16<sup>th</sup>, the day that the America Invents Act was signed into law by the President, see 35 U.S.C. § 299(e), and applies to all actions “commenced” after such date. Plaintiff filed its First Amended Complaint on September 23. According to General Order 10-07, a First Amended Complaint is an “initiating document.”<sup>1</sup> As a result, the present action was

---

<sup>1</sup> Plaintiff failed to follow the proper procedure required for filing a “case initiating” document. See DI 81, Notice of Deficiency. A First Amended Complaint must be filed in the traditional manner rather than electronically. See G.O. 10-07, V. C.

1 commenced after the effective date of the new statutory joinder provision, and must  
2 comply therewith. Plainly, Plaintiff's complaint does not comply with the  
3 requirements of the Patent Act, and must be dismissed.

4 **V. DISMISSAL OF ALL BUT ONE DEFENDANT IS THE PROPER**  
5 **REMEDY.**

6 Once the Court concludes that misjoinder exists, it may dismiss without  
7 prejudice all the misjoined parties, so long as no substantial right will be prejudiced.  
8 Coughlin v. Rogers, 130 F.3d at 1350. Medsquire can offer no reason as to how or  
9 why it would be prejudiced in this action should the Court dismiss all misjoined  
10 Defendants. Since "[e]ach claim raises potentially different issues, and must be  
11 viewed in a separate and individual light by the Court," the interests of judicial  
12 economy and fairness demand dismissal of all improperly joined Defendants. Id. at  
13 1351.

14 **VI. CONCLUSION**

15 Plaintiff's allegations against the several Defendants are insufficient to meet the  
16 standard required for joinder under Federal Rule of Civil Procedure 20(a). Plaintiff  
17 merely alleges that each Defendant infringes the same patent. Plaintiff does not allege  
18 that Defendants' infringement involved the "same transaction, occurrence or series of  
19 transactions or occurrences." Fed. R. Civ. P. 20(a)(2). Plaintiff has not alleged that  
20 Defendants acted in concert or otherwise controlled or directed each other's conduct.  
21 Further, Plaintiff's attempt to join the several Defendants in this action violates the  
22 provisions of the new 35 U.S.C. § 299, which makes Rule 20's joinder provisions  
23 explicit in patent actions.

24 Plaintiff's pleading strategy therefore represents a classic case of misjoinder. In  
25 situations of misjoinder of parties, Fed. R. Civ. P. 21 provides that "[o]n motion or on  
26 its own, the court may at any time, on just terms, add or drop a party." Defendants  
27

28 Defendants are not aware that Plaintiff has taken any steps to remedy this deficiency.

1 therefore respectfully request that the Court dismiss Plaintiff's complaint against all  
2 but one Defendant.

3  
4 DATED: October 21, 2011

Harry P. "Hap" Weitzel  
(weitzelh@pepperlaw.com)  
Jeffrey M. Goldman  
(goldmanj@pepperlaw.com)  
**PEPPER HAMILTON LLP**  
4 Park Plaza, Suite 1200  
Irvine, California 92614  
Telephone: (949) 567-3500  
Facsimile: (949) 863-0151

Michael T. Renaud (*admitted pro hac vice*)  
(renaudm@pepperlaw.com)  
Noah Malgeri (*admitted pro hac vice*)  
(malgerin@pepperlaw.com)  
Anne M. Shyjan  
(shyjana@pepperlaw.com)  
**PEPPER HAMILTON LLP**  
15th Floor, Oliver Street Tower  
125 High Street  
Boston, Massachusetts 02110  
Telephone: (617) 204-5100  
Facsimile: (617) 204-5150

15  
16  
17 By /s/ Jeffrey M. Goldman  
Jeffrey M. Goldman  
18 Attorneys for Defendant NEXTGEN  
19 HEALTHCARE SYSTEMS, INC.  
20  
21  
22  
23  
24  
25  
26  
27  
28



1 DATED: October 21, 2011

D. James Pak  
(*d.james.pak@bakermckenzie.com*)  
**BAKER & MCKENZIE LLP**  
12544 High Bluff Drive, Third Floor  
San Diego, CA 92130  
Telephone: (858) 523-6227  
Facsimile: (858) 259-8290

2  
3  
4  
5  
6 By /s/D. James Pak  
D. James Pak  
Attorneys for Defendant QUEST  
DIAGNOSTICS INCORPORATED  
7  
8  
9

10 DATED: October 21, 2011

Nancy Sher Cohen  
(*ncohen@proskauer.com*)  
Baldassare Vinti  
(*bvinti@proskauer.com*)  
Colin Cabral  
(*ccabral@proskauer.com*)  
**PROSKAUER ROSE LLP**  
2049 Century Park East, 2nd Floor  
Los Angeles, CA 90067  
Telephone: (310) 284-5655  
Facsimile: (310) 557-2193

11  
12  
13  
14  
15  
16  
17  
18 By /s/Baldassare Vinti  
Baldassare Vinti  
Attorneys for Defendant HENRY SCHEIN  
MEDICAL SYSTEMS, INC.  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 DATED: October 21, 2011

David A. Segal  
(*DSegal@gibsondunn.com*)  
Jeffrey T. Thomas  
(*JTThomas@gibsondunn.com*)  
Casey McCracken  
(*CMcCracken@gibsondunn.com*)  
**GIBSON, DUNN & CRUTCHER LLP**  
3161 Michelson Drive  
Irvine, CA 92612-4412  
Telephone: (949) 451-3967  
Facsimile: (949) 475-4670

8 By /s/ Jeffrey T. Thomas  
Jeffrey T. Thomas  
Attorneys for Defendant HEWLETT-  
PACKARD COMPANY

11 DATED: October 21, 2011

John W. Amberg  
(*jwamberg@bryancave.com*)  
Keith Aurzada  
(*keith.aurzada@bryancave.com*)  
Shelly C. Gopaul  
(*shelly.gopaul@bryancave.com*)  
**BRYAN CAVE LLP**  
120 Broadway, Suite 300  
Santa Monica, CA 90401-2386

18 By /s/ John W. Amberg  
John W. Amberg  
Attorneys for Defendant and  
Counterclaimant eClinicalWorks, LLC

1 DATED: October 21, 2011

2 Scott D. Baker (SBN 84923)  
(sbaker@reedsmith.com)

3 **REED SMITH llp**

4 101 Second Street, Suite 1800  
San Francisco, California 94105-3659  
Telephone: (415) 543-8700  
5 Facsimile: (415) 391-8269

6 Katherine W. Insogna (SBN 266326)

7 kinsogna@reedsmith.com

8 **REED SMITH LLP**

9 355 South Grand Avenue, Suite 2900  
Los Angeles, CA 90071-1514  
Telephone: +1 213 457 8000  
10 Facsimile: +1 213 457 8080

11 Kirsten R. Rydstrom

12 (admitted pro hac vice)

13 (krydstrom@reedsmith.com)

14 Kevin S. Katona

(admitted pro hac vice)

15 (kkatona@reedsmith.com)

16 **REED SMITH LLP**

17 Reed Smith Centre

18 225 Fifth Avenue

Pittsburgh, PA 15222-2716

19 Telephone: (412) 288-3131

Facsimile: (412) 288-3063

20 By /s/ Kevin S. Katona

21 Kevin S. Katona

22 Attorneys for Defendant MED3000, INC.  
23  
24  
25  
26  
27  
28

1 DATED: October 21, 2011

Michael Harris  
(mharris@socalip.com)  
Mark A. Goldstein  
(mgoldstein@socalip.com)  
M. Kala Sarvaiya  
(ksarvaiya@socalip.com)  
**SOCAL IP LAW GROUP LLP**  
310 N. Westlake Blvd., Suite 120  
Westlake Village, CA 91362-3788  
Telephone: (805) 230-1350  
Facsimile: (805) 230-1355

7  
8 By /s/Michael Harris  
Michael Harris  
9 Attorneys for Defendant COMPULINK  
BUSINESS SYSTEMS, INC.

10 DATED: October 21, 2011

11 Randall S. Leff  
(rleff@ecjlaw.com)  
12 Russell M. Selmont  
(rselmont@ecjlaw.com)  
**ERVIN COHEN & JESSUP, LLP**  
9401 Wilshire Boulevard, 9th Floor  
Beverly Hills, CA 90212  
14 Telephone: (310) 273-6333  
15 Facsimile: (310) 859-2325

16 Kenneth W. Biermacher (*pro hac vice*)  
(kbiermacher@krcl.com)  
17 Kevin P. Perkins (*pro hac vice*)  
(kperkins@krcl.com)  
**KANE RUSSELL COLEMAN & LOGAN**  
**PC**  
1601 Elm Street, Suite 3700  
19 Dallas, TX 75201  
20 Telephone: (214) 777-4200  
Facsimile: (214) 777-4299

21  
22 By /s/Kevin P. Perkins  
23 Kevin P. Perkins  
24 Attorneys for Defendant  
Aprima Medical Software, Inc.

1 DATED: October 21, 2011

John M. Adams  
(*paip.law@verizon.net*)  
**PRICE & ADAMS, P.C.**  
4135 Brownsville Road  
Pittsburgh, PA 15227  
Telephone: (412) 882-7170  
Facsimile: (412) 884-6650

6 By /s/John M. Adams

John M. Adams  
Attorneys for Defendant  
*Navinet, Inc.*

9 DATED: October 21, 2011

Gerald B. Hrycyszyn  
(*ghrycyszyn@wolfgreenfield.com*)  
Michael A. Albert (*pro hac vice*)  
(*malbert@wolfgreenfield.com*)  
Hunter D. Keeton (*pro hac vice*)  
(*hkeeton@wolfgreenfield.com*)  
**WOLF, GREENFIELD & SACKS, P.C.**  
600 Atlantic Avenue  
Boston, MA 02210-2206  
Telephone: (617) 646-8000  
Facsimile: (617) 646-8646

Attorneys for Defendant  
*athenahealth, Inc.*